

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS,  
SINGLE AUDIT, AND  
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
JUNE 30, 2020**

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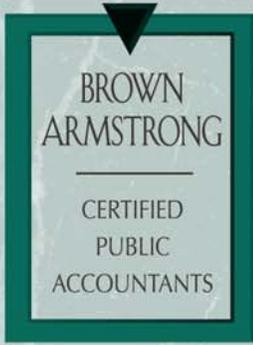
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# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Napa County Flood Control and  
Water Conservation District  
Napa, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the governmental funds of the Napa County Flood Control and Water Conservation District (the District), as of and for the fiscal year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the governmental funds of the District, as of June 30, 2020, and the respective changes in its financial position for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedule, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Balance Sheet – Divisional Breakdown and Statement of Revenues, Expenditures, and Changes in Fund Balances – Divisional Breakdown are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Balance Sheet – Divisional Breakdown and Statement of Revenues, Expenditures, and Changes in Fund Balances – Divisional Breakdown are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Balance Sheet – Divisional Breakdown and Statement of Revenues, Expenditures, and Changes in Fund Balances – Divisional Breakdown are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bakersfield, California  
November 19, 2020

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

This management's discussion and analysis presents our discussion and analysis of the Napa County Flood Control and Water Conservation District's (the District) financial performance during the fiscal year ended June 30, 2020. It should be read in conjunction with the basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- As of June 30, 2020, total assets of the District exceeded liabilities by \$167,969,696; the majority is made up of capital assets and assets held for others pertaining to the Napa River/Napa Creek Flood Protection Project and Measure A (1/2 cent voter approved sales tax from 1998 – 2018) funding.
- As of June 30, 2020, the District's governmental funds reported combined fund balances of \$77,852,847. The majority of this amount is restricted for the following:
  - Napa River/Napa Creek Flood Protection Project in the amount of \$6,822,823.
  - Flood Project, in accordance with Measure A, in the amount of \$51,792,117. These funds are segregated in a special revenue division to be used for capital expenditures authorized for the Napa River/Creek Project.
  - Flood Project Future Maintenance, in accordance with Measure A, in the amount of \$14,826,792. These funds are segregated in a special revenue division to be used for the Napa River/Creek maintenance.
  - Flood and Watershed Management in the amount of \$3,520,672.
- The District received \$9,404,062 in water supply contracts during the fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

These financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District's financial position and activity.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's organization. These statements report the District's financial position and activity.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that includes budgetary comparison information for the District.

Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities, including long-term debt. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or position. Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating, respectively.

### Fund Financial Statements

The fund financial statements provide a detailed short-term view and do not include information related to the District's capital assets and long-term liabilities. Additional information is provided on separate schedules that reconcile the differences between the government-wide financial statements and the fund financial statements.

## **FINANCIAL ANALYSIS OF THE DISTRICT**

### Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$167,969,696 at the close of the most recent fiscal year. A summary of the District's Statements of Net Position is as follows:

### **Condensed Statements of Net Position June 30,**

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease) \$</u>	<u>Increase (Decrease) %</u>
<b>Assets</b>				
Current assets	\$ 78,001,990	\$ 76,201,628	\$ 1,800,362	2.4%
Noncurrent assets	<u>90,116,849</u>	<u>90,248,246</u>	<u>(131,397)</u>	<u>-0.1%</u>
<b>Total Assets</b>	<u>168,118,839</u>	<u>166,449,874</u>	<u>1,668,965</u>	<u>1.0%</u>
<b>Liabilities</b>				
Current liabilities	<u>149,143</u>	<u>179,107</u>	<u>(29,964)</u>	<u>-16.7%</u>
<b>Total Liabilities</b>	<u>149,143</u>	<u>179,107</u>	<u>(29,964)</u>	<u>-16.7%</u>
<b>Net Position</b>				
Net investment in capital assets	90,116,849	90,248,246	(131,397)	-0.1%
Restricted	77,188,181	75,354,324	1,833,857	2.4%
Unrestricted	<u>664,666</u>	<u>668,197</u>	<u>(3,531)</u>	<u>-0.5%</u>
<b>Total Net Position</b>	<u>\$ 167,969,696</u>	<u>\$ 166,270,767</u>	<u>\$ 1,698,929</u>	<u>1.0%</u>

Total assets increased due to an increase in cash and investments held at the County (see note 2).

The largest portion of the District's Net Position reflects property acquired due to the Napa River/Napa Creek Flood Protection Project being built in connection with the U.S. Army Corps of Engineers. These assets are divided into two categories: Invested in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets still outstanding, and restricted assets that are capital assets that have been acquired and will ultimately be transferred to another entity when the project is completed.

## Changes in Net Position

The following table provides a summary of the District's Statements of Activities, recapping the District's revenues earned and expenses incurred during the fiscal years ended June 30, 2020 and 2019:

	2020	2019	Increase (Decrease) \$	Increase (Decrease) %
<b>Expenses</b>				
Public protection	\$ 14,258,201	\$ 13,323,485	\$ 934,716	7.0%
Interest on long-term debt	-	43,478	(43,478)	-100.0%
<b>Total Expenses</b>	<b>14,258,201</b>	<b>13,366,963</b>	<b>891,238</b>	<b>6.7%</b>
<b>Program Revenues</b>				
Charges for services	9,425,762	8,649,422	776,340	9.0%
Capital grants	3,521,837	3,164,393	357,444	11.3%
Special assessment	1,451,129	1,419,707	31,422	2.2%
Donation and contributions	-	11,200	(11,200)	-100.0%
Interest income	1,535,994	1,404,520	131,474	9.4%
Other revenue	22,408	-	22,408	0.0%
<b>Total Program Revenues</b>	<b>15,957,130</b>	<b>14,649,242</b>	<b>1,307,888</b>	<b>8.9%</b>
<b>Change in Net Position</b>	<b>1,698,929</b>	<b>1,282,279</b>	<b>416,650</b>	<b>32.5%</b>
<b>Net Position, Beginning</b>	<b>166,270,767</b>	<b>164,988,488</b>	<b>1,282,279</b>	<b>0.8%</b>
<b>Net Position, Ending</b>	<b>\$ 167,969,696</b>	<b>\$ 166,270,767</b>	<b>\$ 1,698,929</b>	<b>1.0%</b>

Total expenses increased \$891,238 over the prior year mainly due to a major flood wall replacement project during the fiscal year ended June 30, 2020. Total revenues increased \$1,307,888 over the prior year primarily due to the funding received for the flood wall replacement. Despite increases in both revenues and expenses, the District ended the year with a net position of \$1,698,929.

## **BUDGETARY HIGHLIGHTS**

The District adopts an annual budget that includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain comments from the public before finalizing the budget. The District's budget has historically been adopted by the District Board of Directors on or before June 30<sup>th</sup> of each year. Section 7(c) of the Napa County Flood Control and Water Conservation District Act and Sections 29080 through 29092 of the California Government Code require that final budgets are adopted no later than October 2 of each year. Subsequent increases or decreases to the original budget must be approved by the Board of Directors.

## **CAPITAL ASSETS AND CAPITAL IMPROVEMENT**

The District's capital assets include 13 miles of drainage channels which it maintains annually. In addition, in 1999 the District embarked on the largest public works project in Napa County history in conjunction with the U.S. Army Corps of Engineers. The Napa River/Napa Creek Flood Protection Project (Project) extends from Highway 29 at the Butler Bridge on the south to Trancas Street on the north, encompassing six miles of the Napa River and one mile of Napa Creek. The Project is designed to provide a 100-year flood protection level for the City of Napa. Flood water levels are reduced through constructing riverbank terracing, removing or replacing bridges that impede flood flows, and the creation of dry bypass channels at the Napa River and Napa Creek. Additionally, floodwalls, levees, and riverside trails are constructed as part of the Project. The U.S. Army Corps of Engineers estimated total project costs to \$555.3 million.

The primary funding sources for this project include Federal contributions, State Subvention funding and proceeds from a locally voter approved ½ cent sales tax measure (Measure A) that was in effect July 1, 1998 through June 30, 2018. The tax measure raised over \$163 million over the 20 years for this project.

Upon completion of the Project, the District is responsible for operation, repair, and maintenance of the entire Project. Additional information regarding the District's capital assets can be found in the Notes to the Financial Statements.

## **CONTACTING THE DISTRICT**

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. For questions about this report or any additional information, contact the Napa County Auditor-Controller's Office at 1195 Third Street, Suite B-10, Napa, California 94559.

## **BASIC FINANCIAL STATEMENTS**

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

	2020
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash in County treasury	\$ 77,313,777
Imprest cash	100
Assessments receivable	29,862
Accounts receivable	658,251
<b>Total Current Assets</b>	<b>78,001,990</b>
<b>Noncurrent Assets:</b>	
Assets held for others	1,742,489
Capital assets:	
Nondepreciable	84,395,503
Depreciable, net	3,978,857
<b>Total Noncurrent Assets</b>	<b>90,116,849</b>
<b>Total Assets</b>	<b>168,118,839</b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable	139,513
Unearned revenue	9,630
<b>Total Current Liabilities</b>	<b>149,143</b>
<b>Total Liabilities</b>	<b>149,143</b>
<b>NET POSITION</b>	
Net investment in capital assets	90,116,849
Restricted	77,188,181
Unrestricted	664,666
<b>Total Net Position</b>	<b>\$ 167,969,696</b>

The accompanying notes are an integral part of these basic financial statements.

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	2020
<b>Expenses</b>	
Public protection	
Insurance	\$ 9,160
Repairs and maintenance	405,238
Legal charges	15,893
Administration and other charges	205,089
Professional services	608,653
Management information services	2,665
Water purchases	9,240,360
Flood project related expenses	3,639,746
Depreciation	131,397
<b>Total Expenses</b>	<b>14,258,201</b>
<b>Program Revenues</b>	
Charges for services	9,425,762
Capital grants	3,521,837
Special assessments	1,451,129
Other revenue	22,408
<b>Total Program Revenues</b>	<b>14,421,136</b>
<b>Net Program Revenues (Expenses)</b>	<b>162,935</b>
<b>General Revenues</b>	
Interest income	1,535,994
<b>Total General Revenues</b>	<b>1,535,994</b>
<b>Change in Net Position</b>	<b>1,698,929</b>
<b>Net Position - Beginning</b>	<b>166,270,767</b>
<b>Net Position - Ending</b>	<b>\$ 167,969,696</b>

The accompanying notes are an integral part of these basic financial statements.

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
BALANCE SHEET  
JUNE 30, 2020**

	Total Governmental Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 77,313,777
Imprest cash	100
Assessments receivable	29,862
Accounts receivable	<u>658,251</u>
<b>Total Assets</b>	<u><u>\$ 78,001,990</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 139,513
Unearned revenue	<u>9,630</u>
<b>Total Liabilities</b>	<u>149,143</u>
<b>FUND BALANCES</b>	
Restricted for:	
Napa River/Napa Creek Flood Protection Project	6,822,823
Flood and watershed management	3,520,672
Oakville-Oak Knoll Community Facilities District	225,777
Measure A - Flood Project	51,792,117
Measure A - Flood Maintenance	14,826,792
Unassigned	<u>664,666</u>
<b>Total Fund Balances</b>	<u>77,852,847</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 78,001,990</u></u>

The accompanying notes are an integral part of these basic financial statements.

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE GOVERNMENT-WIDE  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

Fund balances - total governmental funds (Page 9) \$ 77,852,847

Amounts reported for governmental activities in the statement  
of net position are different because:

Capital assets used in governmental activities are not current financial resources  
and, therefore, are not reported in the governmental funds. 88,374,360

Assets held for others used in governmental activities are not current financial  
resources and, therefore, are not reported in the governmental funds. 1,742,489

Net Position of Governmental Activities (Page 7) \$ 167,969,696

The accompanying notes are an integral part of these basic financial statements.

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Total Governmental Funds</u>
<b>Revenues</b>	
Charges for services	\$ 9,425,762
Revenue from use of money and property	1,535,994
Revenue from other governments	3,521,837
Special assessments	1,451,129
Other revenue	<u>22,408</u>
<b>Total Revenues</b>	<u>15,957,130</u>
<b>Expenditures</b>	
Insurance	9,160
Repairs and maintenance	405,238
Legal charges	15,893
Administration and other charges	205,089
Professional services	608,653
Management information services	2,665
Water purchases	9,240,360
Planning, engineering, and design	1,613,282
Construction and management	2,023,580
Equipment	<u>2,884</u>
<b>Total Expenditures</b>	<u>14,126,804</u>
<b>Net Change in Fund Balances</b>	1,830,326
<b>Fund Balances - Beginning</b>	<u>76,022,521</u>
<b>Fund Balances - End</b>	<u><u>\$ 77,852,847</u></u>

The accompanying notes are an integral part of these basic financial statements.

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Net change in fund balances - total governmental funds (Page 11) \$ 1,830,326

Amounts reported for governmental activities in the statement of activities are different because:

The governmental funds report capital outlay and accumulated project costs as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense while the accumulated project costs are held as assets until the time of donation.

Less current year depreciation (131,397)

Change in Net Position of Governmental Activities (Page 8) \$ 1,698,929

The accompanying notes are an integral part of these basic financial statements.

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Napa County Flood Control and Water Conservation District (the District) was formed by the California legislature in 1951 for the purpose of providing flood control and water conservation for Napa County (the County). The District's mission is the conservation and management of flood and storm waters to protect life and property; the maintenance of the County watershed using the highest level of environmentally sound practices; and to provide coordinated planning for water supply needs for the community.

Operations of the District are divided into six divisions:

*Flood and Watershed Management* – This division funds the following four projects: Countywide Watershed Management; Stormwater Management; Rutherford Maintenance; and Oakville-Oak Knoll Community Facilities District.

*Napa River/Napa Creek Flood Protection Project* – This division contains the expenditures by the District for the Napa River/Napa Creek Flood Protection Project to be built in conjunction with the U.S. Army Corps of Engineers and paid for with the voter approved Measure A, Napa County Flood Protection and Watershed Improvement Sales Tax. The District is the Local Sponsor of this project and is obligated to acquire all necessary lands, easements, and rights-of-way, and to relocate existing facilities currently inside the project boundaries, including several bridges, utilities, and recreation facilities.

*Measure A – Flood Project* – This division is a non-operating special revenue division, created at the sunset of the voter approved 1998 Measure A half-cent sales measure to fund county-wide flood projects. During the taxing period, these receipts were maintained by the Napa County Flood Protection and Watershed Improvement Authority (NCFPWIA). With the sunset of the tax June 30, 2018, the NCFPWIA disbursed all remaining funds to each taxing jurisdiction. This non-operating special revenue fund will maintain the balance and earn interest, until such funds are drawn upon to offset authorized expenditures in the Napa River/Napa Creek Flood Protection Project Division.

*Measure A – Flood Project Maintenance* – This division is a non-operating special revenue division, created at the sunset of the voter approved 1998 Measure A half-cent sales measure to fund county-wide flood projects. During the taxing period, these receipts were maintained by the NCFPWIA. With the sunset of the tax June 30, 2018, the NCFPWIA disbursed all remaining funds to each taxing jurisdiction. This non-operating special revenue fund will maintain the balance and earn interest, until such funds are drawn upon to offset authorized expenditures for maintaining the Napa River/Napa Creek Flood Protection Project.

*Water Supply Contracts* – This division meets the responsibilities of the District to ensure that Napa County's municipal, industrial, and agricultural water needs are met. The District is the local contracting agency with the State and Federal government for water from the State Water Project and for water from Lake Berryessa. The District, in turn, subcontracts for the sale of the water to local agencies and property owners.

*Oakville-Oak Knoll Community Facilities District* – This division funds a variety of public services such as maintenance, monitoring, and restoration of the Napa River between Oakville-Oak Knoll reach. The objectives of the services are to minimize bank erosion, maintain the function of constructed instream habitat enhancement structures, and control target non-native invasive and Pierce's disease host plants.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### A. Reporting Entity (Continued)

Effective January 1, 1997, the Napa County Flood Control and Water Conservation District Act was amended to reorganize and expand the governing board of the District from a five-member Board of Directors comprised of the County Board of Supervisors serving ex officio to an eleven-member Board of Directors composed as follows: five directors who are members of the Napa County Board of Supervisors, serving ex officio; five directors who are the mayors of the Cities of Napa, Calistoga, St. Helena, and American Canyon, and the Town of Yountville, serving ex officio; and one director who is a member of the Napa City Council, appointed annually by the Napa City Council.

The District is not a component unit of the County. The District is legally separate and fiscally independent of the County. The District includes all activities (operations of its administrative staff and District officers) considered to be a part of the District. The District reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 61 relating to the financial reporting entity to determine whether the District is financially accountable for other entities. The District has determined that no other outside entity meets the required criteria, and therefore, no agency has been included as a component unit in the financial statements. In addition, the District is not aware of any entity that would be financially accountable for the District that would result in the District being considered a component unit of that entity.

### B. Basis of Presentation

#### *Government-Wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the primary government (the District). These statements include the non-fiduciary financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and information sales. At June 30, 2020, the District had no business-type activities.

The Statement of Activities demonstrates the degree to which the program expenses of a given function or identifiable activity is offset by program revenues. Program expenses are those that are clearly identifiable with a specific function or identifiable activity, and allocated indirect expenses. Interest expense related to long-term debt is reported as a direct expense. Program revenues include 1) fees, fines, and charges paid by the recipient of goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and investment earnings, are presented instead as general revenues. When both restricted and unrestricted net position are available, restricted resources are used only after the unrestricted resources are depleted.

#### *Fund Financial Statements*

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The District had two governmental funds and no enterprise funds for the fiscal year ended June 30, 2020.

The District reports the following major governmental funds:

- The General Funds are the District's primary operating funds. They account for all financial resources of the general government.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### **C. Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Nonexchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes and grants. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Sales taxes, interest, certain State and federal grants, and charges for services revenues are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures are recorded only when payment is due.

### **D. Memorandum of Understanding (MOU)/Joint Powers Agreement (JPA)**

On November 1, 1998, the District; the County of Napa; the Napa County Flood Protection and Watershed Improvement Authority (Authority); the Cities of American Canyon, Napa, St. Helena, and Calistoga; and the Town of Yountville entered into a Joint Powers Agreement (JPA) regarding the distribution of local sales tax revenues generated from a Measure A tax passed by the voters for 20 years. The related ordinance required the revenues to be used only for flood protection, water supply reliability, and wastewater projects identified in the Napa County Flood Protection and Watershed Improvement Expenditure Plan contained in the ordinance.

As of the sunset of the tax on June 30, 2018, the unspent revenues held by the Authority were distributed in accordance with the ordinance to each jurisdiction. The Authority and JPA were subsequently dissolved by resolution on April 9, 2019. The District maintains the remaining revenues in two separate special revenue funds, to be used in accordance with the ordinance. One fund is for projects specified in the above-mentioned expenditure plan the other fund is for on-going maintenance of the Napa River/Napa Creek flood protection project.

### **E. Agreement with the City of Napa**

In July 1999, the District entered into an agreement with the City of Napa under which the District would delegate to the City of Napa the implementation and management of specified tasks related to the Napa River/Napa Creek Flood Control Project (River Project). These tasks involve infrastructures over which, upon completion of the River Project, the City of Napa will retain long-term ownership, including but not limited to design aspects of reconstruction projects for specified bridges, relocation analyses for the City of Napa's ball fields, other public recreational use facilities and parking lots, and storm drain analysis.

### **F. Receivables**

Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

### **G. Assets Held for Others**

Assets held for others consist of costs associated with land acquisition and construction in progress for the River Project that will be donated to other entities (i.e., title and ownership of the assets will be transferred). Since these assets will not be used in the District's operations, the assets held for others are not considered to be capital assets of the District.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

H. Project Cooperation Agreement with the Department of the Army

On February 1, 2000, the District (“Non-Federal Sponsor”) signed a cooperation agreement with the Department of the Army (“Government”) for the construction of the River Project (“Project”). This construction was authorized by the 1965 Flood Control Act, House Document No. 222, 89<sup>th</sup> Congress, 1<sup>st</sup> Session, and modified by the 1976 Flood Control Act. Section 103 of the Water Resources Development Act of 1986, Public Law 99-662, as amended, specifies the cost-sharing requirements applicable to the Project.

The Project costs do not include costs for design activities completed prior to 1986; costs for operation, maintenance, repair, replacement, or rehabilitation; costs due to betterments; or any costs of dispute resolution. Upon notification of completion of the entire Project or a functional portion of the Project, the Non-Federal Sponsor shall operate, maintain, repair, replace, and rehabilitate the entire Project or the functional portion of the Project, as provided in the agreement, at no cost to the Government. The Non-Federal Sponsor shall contribute a minimum of 25 percent, but not to exceed 50 percent, of the total Project flood control costs in accordance with certain provisions. The Non-Federal Sponsor shall also contribute 50 percent of total Project costs. The Government shall perform a final accounting to determine the contributions provided by the Non-Federal Sponsor, and to determine whether the Non-Federal Sponsor has met its obligations. Each party to the agreement is responsible for certain parts of the Project. Prior to construction, the Non-Federal Sponsor shall, as determined by the Government, acquire all lands, easements, and rights-of-way, as well as construct improvements required on lands, easements, and rights-of-way. The Non-Federal Sponsor shall also perform, or ensure the performance of, relocations necessary for the construction, operation, and maintenance of the Project, including those necessary to enable the removal of borrow materials and the proper disposal of dredged or excavated material. The Non-Federal Sponsor shall receive credit toward its share of total project flood control costs for the value of the lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas, as well as for the value of the relocations it either performed or ensured the performance thereof. Estimate of total Project costs was \$555.3 million. The Non-Federal Sponsor will obtain an appraisal and record the assets for the entire Project in the year of completion. The Non-Federal Sponsor is also responsible for a certain amount of cash contribution, from which the Government shall draw as deemed necessary to cover the non-Federal proportionate share for financial obligations for construction incurred prior to the commencement of the period of construction, and during the period of construction.

I. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for equipment and \$150,000 for building and improvements and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide financial statements. Depreciation begins on the first day of the fiscal year following the period the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated.

The estimated useful lives are as follows:

Equipment	5 years
Buildings and improvements	25 to 30 years
Infrastructures	50 to 100 years

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

J. Interfund Transactions

Interfund transactions are reflected either as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation, and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces the related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

K. Insurance and Risk of Loss

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District participates in the County’s risk pool. Claims in excess of \$350,000 for workers’ compensation and \$300,000 for general liability are covered according to the terms of the risk pool agreement with CSAC – Excess Insurance Authority (EIA).

L. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Recently Implemented GASB Pronouncements

**GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance.*** This statement provides temporary relief to governments and stakeholders in light of the COVID-19 pandemic. The requirements of this statement are effective immediately. The effective dates for GASB Statements Nos. 84, 88, 89, 90, 91, 92, and 93 were postponed by one year for the District. The effective date for GASB Statement No. 87 was postponed by 18 months for the District.

**NOTE 2 – CASH AND INVESTMENTS**

Cash at June 30, 2020, consisted of the following:

Cash in County Treasury and imprest cash	<u>\$ 77,313,877</u>
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The District maintains all of its cash and investments with the County Treasurer in an investment pool. On a quarterly basis, the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County’s Comprehensive Annual Financial Report (CAFR). The County’s CAFR may be obtained by contacting the County’s Auditor-Controller’s Office at 1195 Third Street, Suite B-10, Napa, California 94559. The County Treasury Oversight Committee oversees the Treasurer’s investments and policies.

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Required disclosures for the District’s deposit and investment risks at June 30, 2020, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Investments held in the County’s investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value. The District has no deposit or investment policy that addresses a specific type of risk.

**NOTE 3 – ASSETS HELD FOR OTHERS**

For the fiscal year ended June 30, 2020, the change in assets held for others was as follows:

	Balance July 1, 2019	Additions	Retirements / Adjustments	Balance June 30, 2020
Land held for others	\$ 1,742,489	\$ -	\$ -	\$ 1,742,489
Total Assets Held for Others	<u>\$ 1,742,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,742,489</u>

During the fiscal year ended June 30, 2020, the District had no additions or retirements to land held for others.

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Retirements / Adjustments	Balance June 30, 2020
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 82,059,615	\$ -	\$ -	\$ 82,059,615
Intangible assets	2,335,888	-	-	2,335,888
Total capital assets, not being depreciated	<u>84,395,503</u>	<u>-</u>	<u>-</u>	<u>84,395,503</u>
Capital assets, being depreciated:				
Equipment	106,902	-	(38,851)	68,051
Infrastructure	8,331,188	-	-	8,331,188
Total capital assets, being depreciated	<u>8,438,090</u>	<u>-</u>	<u>(38,851)</u>	<u>8,399,239</u>
Less accumulated depreciation for:				
Equipment	(84,028)	(5,082)	38,851	(50,259)
Infrastructure	(4,243,808)	(126,315)	-	(4,370,123)
Total accumulated depreciation	<u>(4,327,836)</u>	<u>(131,397)</u>	<u>38,851</u>	<u>(4,420,382)</u>
Total capital assets, being depreciated, net	<u>4,110,254</u>	<u>(131,397)</u>	<u>-</u>	<u>3,978,857</u>
Governmental activities capital assets, net	<u>\$ 88,505,757</u>	<u>\$ (131,397)</u>	<u>\$ -</u>	<u>\$ 88,374,360</u>

The District retired equipment totaling \$38,851 and depreciation expense was \$131,397 for the fiscal year ended June 30, 2020.

## **NOTE 5 – NET POSITION/FUND BALANCE**

### **Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents amounts with external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

### **Fund Balance**

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The following classifications describe the relative strength of spending constraints:

- *Nonspendable fund balance* – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint. The District did not have a committed fund balance in the current fiscal year.
- *Assigned fund balance* – amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority. The District did not have an assigned fund balance in the current fiscal year.
- *Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

During the fiscal year ended June 30, 2020, the District paid the County, a related party, \$1,534,756, of which \$1,455,258 was for engineering services and administration fees and \$79,498 was for legal, accounting, and other support services.

**NOTE 7 – CONTINGENT LIABILITIES**

The District participates in a federal grant program which is subject to examination by the grantor and the amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 19, 2020, which is the date the basic financial statements were available to be issued. As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen that are likely to negatively impact course-related income; however, the related financial impact and duration cannot be reasonable estimated at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 10,690,661	\$ 10,690,661	\$ 9,425,762	\$ (1,264,899)
Revenue from use of money and property	455,500	455,500	1,535,994	1,080,494
Revenue from other governments	4,372,947	6,210,579	3,521,837	(2,688,742)
Special assessments	1,473,160	1,473,160	1,451,129	(22,031)
Other revenue	80,650	80,650	22,408	(58,242)
Intrafund transfers	3,286,832	3,287,494	-	(3,287,494)
<b>Total Revenues</b>	<u>20,359,750</u>	<u>22,198,044</u>	<u>15,957,130</u>	<u>(6,240,914)</u>
<b>Expenditures</b>				
Insurance	9,400	9,400	9,160	240
Repairs and maintenance	612,600	612,600	405,238	207,362
Legal charges	102,160	102,160	15,893	86,267
Administration and other charges	288,223	288,223	205,089	83,134
Professional services	1,759,809	1,759,809	608,653	1,151,156
Management information services	4,631	4,631	2,665	1,966
Water purchases	11,962,551	11,962,551	9,240,360	2,722,191
Engineer services	2,629,776	2,629,776	1,613,282	1,016,494
Construction and management	25,000	1,862,632	2,023,580	(160,948)
Equipment	43,100	43,100	2,884	40,216
Contributions	800,000	800,000	-	800,000
Intrafund transfers	3,287,494	3,287,494	-	3,287,494
<b>Total Expenditures</b>	<u>21,524,744</u>	<u>23,362,376</u>	<u>14,126,804</u>	<u>9,235,572</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,164,994)</u>	<u>\$ (1,164,332)</u>	1,830,326	<u>\$ 2,994,658</u>
<b>Fund Balance - Beginning</b>			<u>76,022,521</u>	
<b>Fund Balance - End</b>			<u>\$ 77,852,847</u>	

See accompanying note to required supplementary information.

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

Napa County Flood Control and Water Conservation District (the District) operates under the general laws of the State of California and annually adopts a budget to be effective July 1 of the ensuing fiscal year.

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board of Directors (the Board) resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2020, the Board approved all necessary supplemental appropriations.

An operating budget is adopted each fiscal year on the modified accrual basis of accounting, and accounting principles applied for purposes of developing data on a budgetary basis are materially the same as those used to present financial statements in accordance with accounting principles generally accepted in the United States of America. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed or purchase commitments satisfied. Such year-end encumbrances are reported as restricted fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year and included in the subsequent year's budget. Unencumbered appropriations lapse at year-end.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level except for capital assets which are controlled at the subobject level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, other charges including debt service, capital outlay, contingencies, expenditure transfers, and other financing uses. Subject levels of expenditures for capital assets are land, structures and improvements, and equipment.

**SUPPLEMENTARY INFORMATION**

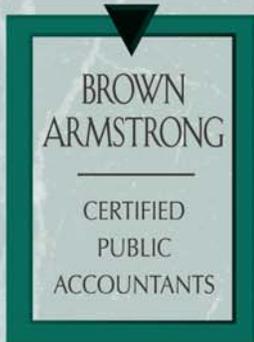
**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
BALANCE SHEET  
DIVISIONAL BREAKDOWN  
JUNE 30, 2020**

	Flood and Watershed Management	Napa River/ Napa Creek Flood Protection Project	Measure A - Flood Project	Measure A - Flood Maintenance	Water Supply Contracts	Oakville- Oak Knoll CFD	Total
<b>ASSETS</b>							
Cash in County treasury	\$ 3,320,012	\$ 6,860,825	\$ 51,792,117	\$ 14,826,792	\$ 288,254	\$ 225,777	\$ 77,313,777
Imprest cash	-	100	-	-	-	-	100
Assessments receivable	29,862	-	-	-	-	-	29,862
Accounts receivable	270,089	-	-	-	388,162	-	658,251
<b>Total Assets</b>	<b>\$ 3,619,963</b>	<b>\$ 6,860,925</b>	<b>\$ 51,792,117</b>	<b>\$ 14,826,792</b>	<b>\$ 676,416</b>	<b>\$ 225,777</b>	<b>\$ 78,001,990</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 89,661	\$ 38,102	\$ -	\$ -	\$ 11,750	\$ -	\$ 139,513
Unearned revenue	9,630	-	-	-	-	-	9,630
<b>Total Liabilities</b>	<b>99,291</b>	<b>38,102</b>	<b>-</b>	<b>-</b>	<b>11,750</b>	<b>-</b>	<b>149,143</b>
<b>FUND BALANCES</b>							
Restricted for:							
Napa River/Napa Creek Flood Protection Project	-	6,822,823	-	-	-	-	6,822,823
Flood and Watershed Management	3,520,672	-	-	-	-	-	3,520,672
Oakville-Oak Knoll CFD	-	-	-	-	-	225,777	225,777
Measure A - Flood Project	-	-	51,792,117	-	-	-	51,792,117
Measure A - Flood Maintenance	-	-	-	14,826,792	-	-	14,826,792
Unassigned	-	-	-	-	664,666	-	664,666
<b>Total Fund Balances</b>	<b>3,520,672</b>	<b>6,822,823</b>	<b>51,792,117</b>	<b>14,826,792</b>	<b>664,666</b>	<b>225,777</b>	<b>77,852,847</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,619,963</b>	<b>\$ 6,860,925</b>	<b>\$ 51,792,117</b>	<b>\$ 14,826,792</b>	<b>\$ 676,416</b>	<b>\$ 225,777</b>	<b>\$ 78,001,990</b>

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
DIVISIONAL BREAKDOWN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Flood and Watershed Management	Napa River/ Napa Creek Flood Protection Project	Measure A - Flood Project	Measure A - Flood Maintenance	Water Supply Contracts	Oakville- Oak Knoll CFD	Total
<b>Revenues</b>							
Charges for services	\$ 21,700	\$ -	\$ -	\$ -	\$ 9,404,062	\$ -	\$ 9,425,762
Revenue from use of money and property	61,909	131,241	1,033,029	303,968	2,934	2,913	1,535,994
Revenue from other governments	2,284,311	882,398	355,128	-	-	-	3,521,837
Special assessments	1,340,647	-	-	-	-	110,482	1,451,129
Other revenue	-	22,408	-	-	-	-	22,408
<b>Total Revenues</b>	<b>3,708,567</b>	<b>1,036,047</b>	<b>1,388,157</b>	<b>303,968</b>	<b>9,406,996</b>	<b>113,395</b>	<b>15,957,130</b>
<b>Expenditures</b>							
Insurance	1,856	7,304	-	-	-	-	9,160
Repairs and maintenance	152,585	252,653	-	-	-	-	405,238
Legal charges	12,907	2,382	-	-	604	-	15,893
Administration and other charges	99,269	46,531	-	-	59,239	50	205,089
Professional services	542,588	44,007	-	-	22,058	-	608,653
Management information services	239	2,426	-	-	-	-	2,665
Water purchases	-	-	-	-	9,240,360	-	9,240,360
Planning, engineering, and design	665,733	859,283	-	-	88,266	-	1,613,282
Construction and management	1,993,330	30,250	-	-	-	-	2,023,580
Equipment	2,884	-	-	-	-	-	2,884
<b>Total Expenditures</b>	<b>3,471,391</b>	<b>1,244,836</b>	<b>-</b>	<b>-</b>	<b>9,410,527</b>	<b>50</b>	<b>14,126,804</b>
<b>Net Change in Fund Balances Before Transfers</b>	<b>237,176</b>	<b>(208,789)</b>	<b>1,388,157</b>	<b>303,968</b>	<b>(3,531)</b>	<b>113,345</b>	<b>1,830,326</b>
Transfers between divisions	32,396	1,252,602	(510,223)	(734,617)	-	(40,158)	-
<b>Net Change in Fund Balances</b>	<b>269,572</b>	<b>1,043,813</b>	<b>877,934</b>	<b>(430,649)</b>	<b>(3,531)</b>	<b>73,187</b>	<b>1,830,326</b>
<b>Fund Balances - Beginning</b>	<b>3,251,100</b>	<b>5,779,010</b>	<b>50,914,183</b>	<b>15,257,441</b>	<b>668,197</b>	<b>152,590</b>	<b>76,022,521</b>
<b>Fund Balances - End</b>	<b>\$ 3,520,672</b>	<b>\$ 6,822,823</b>	<b>\$ 51,792,117</b>	<b>\$ 14,826,792</b>	<b>\$ 664,666</b>	<b>\$ 225,777</b>	<b>\$ 77,852,847</b>

**OTHER REPORT**



# BROWN ARMSTRONG

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Napa County Flood Control and  
Water Conservation District  
Napa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the governmental funds of the Napa County Flood Control and Water Conservation District (the District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
November 19, 2020

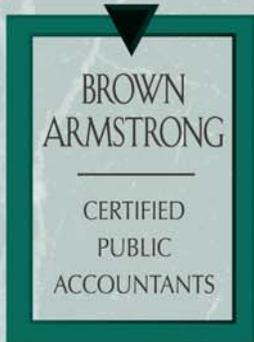
**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2020**

None noted.

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS OF PRIOR YEAR  
JUNE 30, 2019**

None noted.

**SINGLE AUDIT REPORT**



# BROWN ARMSTRONG

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Napa County Flood Control and Water Conservation District  
Napa, California

### **Report on Compliance for Each Major Federal Program**

We have audited the Flood Control and Water Conservation District (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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## **Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 19, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
November 19, 2020

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal C.F.D.A. Number	Pass-Through Grant Award Number	Total Federal Expenditures	Subrecipients
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Direct Program:</i>				
Emergency Watershed Protection Program	10.923	NR199104XXXXC010	\$ 1,528,101	\$ -
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,528,101</u></b>	<b><u>\$ -</u></b>

See accompanying notes to the schedule of expenditures of federal awards.

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 1 – GENERAL**

The accompanying schedule of expenditures of federal awards (SEFA) presents the federal grant activity of the Napa County Flood Control and Water Conservation District (the District) under programs of the federal government for the year ended June 30, 2020. The District's reporting entity is defined in Note 1 within the District's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included in the SEFA. Since the SEFA presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the District.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying SEFA is presented using the accrual basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the District's basic financial statements.

**NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the District's basic financial statements.

**NOTE 4 – INDIRECT COSTS**

The District did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 5 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)**

The CFDA numbers, included in the accompanying SEFA, were determined based on the program name, review of the grant or contract information, and the Catalog of Federal Domestic Assistance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**NAPA COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

*Federal Awards*

Internal control over major federal programs:

- Material weakness identified? \_\_\_\_\_ Yes   X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? \_\_\_\_\_ Yes   X   No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
10.923	Emergency Watershed Protection Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

**Section II – Financial Statement Findings**

None.

**Section III – Federal Award Findings and Questioned Costs**

None.